

FISCAL NOTE

HB 888 - SB 1285

April 20, 1999

SUMMARY OF BILL: Increases the minimum contribution the state must pay to local education agencies to pay a portion of health insurance premiums for teachers from 45% to 70% of the monthly premium. Under existing law, the Department of Education, through the Basic Education Plan, makes funds available to local education agencies to pay a portion of the health insurance premiums for teachers. The portion is set out in the General Appropriations Act. For FY99-00, the portion is anticipated to be 45%.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - Exceeds \$68,000,000

Increase Local Govt. Expenditures - Exceeds \$22,600,000*

Estimate assumes:

- Based on information provided by the Department of Finance and Administration, the state's portion of the insurance component for the Basic Education Program is estimated to be approximately \$2,091 per funded teaching position at the 45% support level.
- Increasing the support level to 70% would increase the state's cost approximately \$3,240 per funded teaching position.
- Approximately 59,203 funded teaching positions exist.
- Local education agencies will have an increase in expenditures from paying a larger portion of the insurance premiums.
- The increase in local government expenditures is estimated to exceed \$22,600,000.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

HB 888 - SB 1285